First Quarter 2008 Results *May 6, 2008*

Finning Announces First Quarter Results

Highlights from Continuing Operations

- Record first quarter revenues, up 4% from first quarter of 2007
- Diluted earnings per share includes certain favourable non-recurring items amounting to $0.05 per share
- The negative impact of the much stronger Canadian dollar was $0.10 per share compared to the first quarter of the prior year
- New equipment order backlog continues to be strong at $1.7 billion
- Quarterly dividend increase of 10% to $0.11 per share
- Full year earnings per share guidance of $1.70 to $1.80 reaffirmed

	Three months ended March 31		
$ millions, except per share data	**2008**	2007	Change
Revenue	**1,430.2**	1,376.0	3.9%
Earnings from continuing operations before interest and income taxes (1)	**109.8**	110.6	(0.7)%
Net income (loss)			
from continuing operations	**70.8**	70.7	0.1%
from discontinued operations (2)	—	(0.8)	
Total net income	**70.8**	69.9	1.3%
Diluted Earnings Per Share			
from continuing and discontinued operations	**$ 0.40**	$ 0.39	2.6%
Cash flow after working capital changes	**(12.3)**	63.1	(119.5)%

(1) This amount does not have a standardized meaning under generally accepted accounting principles. For a reconciliation of this amount to net income from continuing operations, see the heading “Description of Non-GAAP Measure” in the Company’s management discussion and analysis which accompanies the first quarter interim consolidated financial statements.

(2) On July 31, 2007, the Company’s U.K. subsidiary, Hewden Stuart Plc, sold its Tool Hire Division. As a consequence, the results of operations of the Tool Hire Division have been reclassified as discontinued operations in 2007 and prior periods.

Vancouver, Canada - Finning International Inc. (Finning or the Company) today reported record first quarter revenue of $1.4 billion for 2008, an increase of 3.9% over the first quarter of 2007. Earnings from continuing operations before interest and income taxes (EBIT) were $109.8 million in the first quarter of 2008, comparable with the same period last year. First quarter net income from continuing operations was $70.8 million or $0.40 diluted earnings per share, an increase of 2.6% compared with the first quarter of 2007. The results for the first quarter of 2008 included certain non-recurring items in the form of gains on the sale of properties partially offset by non-recurring costs related to the transition and integration of Collicutt Energy Services Ltd. and restructuring costs in connection with the business support integration in the U.K. Excluding these non-recurring items, diluted earnings per share would have been $0.35, 10.3% lower than the very strong first quarter of 2007. Diluted earnings per share were negatively impacted by approximately $0.10 per share from the impact of a much stronger Canadian dollar compared to the prior year first quarter.

"First quarter results are modestly below the very strong results of the first quarter in 2007, however they are in line with our plan for the year, and so we are reaffirming our full year earnings guidance of $1.70 - $1.80 per share", said Mike Waites, incoming President and CEO of Finning International Inc. "The single largest negative impact on our results this quarter was a $0.10 per share impact from foreign exchange, arising out of a stronger Canadian dollar relative to both the US dollar and the UK pound sterling. This is the largest foreign exchange headwind that we have had to contend with in any quarter over quarter comparison. New equipment sales remain at attractive levels and we continue to build the large equipment fleets in our territories. The large equipment (especially mining equipment) will generate attractive levels of parts and service revenue once it has been in service for a couple of years".

First Quarter Results

Finning's revenues from continuing operations in the first quarter were $1.4 billion, up 3.9% from the first quarter of 2007 in spite of the stronger Canadian dollar, driven primarily by strong equipment sales. Prices for certain key commodities continue to be robust and drive demand in Canada and South America. In the U.K., solid activity and cost efficiencies experienced at the Company's UK dealership have offset the lower rental activity in the Hewden rental business. Foreign exchange had a significant negative impact on revenues this quarter of approximately $185 million compared to the prior year, as the Canadian dollar strengthened 14.3% relative to the U.S dollar, and 13.3% relative to the U.K. pound sterling. The first quarter of 2008 was affected by the most significant quarterly variance over the prior year of a stronger Canadian dollar.

Finning's global order book (the retail value of new equipment units ordered by customers for future deliveries) of approximately $1.7 billion at the end of the first quarter of 2008 remains strong, and is comparable to December 2007. The Company's current backlog is weighted more towards mining customers as commodity prices continue to be strong which more than offsets weakness in other sectors.

EBIT for the quarter was $109.8 million, comparable to $110.6 million in the first quarter of 2007.

- EBIT from Finning's Canadian reporting segment of $51.0 million in the first quarter of 2008 was 21.1% lower than the same period last year. The decrease in 2008 is primarily the result of the significant negative impact of foreign exchange due to a stronger Canadian dollar and the increase in growth-related selling, general, and administrative costs to support the continued strong demand in the Alberta oilsands. EBIT was also negatively impacted by $5.3 million of non-recurring costs related to the transition and integration of Collicutt Energy Services Ltd. in the first quarter of 2008.
- EBIT for Finning's South American operations in the first quarter of 2008 of $36.5 million was 5.4% lower than the 2007 first quarter, primarily due to the negative impact of foreign currency translation. In local currency, EBIT for the first quarter of 2008 was 10.1% higher than the same period in 2007, reflecting strong results from customer support services.
- For the UK Group, EBIT from continuing operations increased in the first quarter of 2008 to $29.1 million compared to $16.0 million in the first quarter of 2007, in spite of the negative impact of foreign exchange. In local currency, EBIT from continuing operations for the first three months of 2008 was more than double that in the same period last year. Adjusting for the gain on the sale of properties offset by restructuring costs incurred in connection with the business support integration announced this quarter, EBIT from continuing operations in the first quarter of 2008, in local currency, was 7.1% higher than the comparable period in 2007.

Finning's net income from continuing operations for the quarter was $70.8 million compared with $70.7 million in 2007. Diluted Earnings Per Share (EPS) from continuing operations for the quarter was $0.40, comparable to the 2007 diluted EPS of $0.39. The results for the first quarter of 2008 included gains on the sale of certain properties partially offset by non-recurring costs related to the transition and integration of Collicutt Energy Services Ltd. and restructuring costs in connection with the business support integration in the U.K. Excluding these non-recurring items, diluted EPS would have been $0.35, 10.3% lower than the first quarter of 2007. The total negative impact due to the much stronger Canadian dollar this quarter compared to the prior year first quarter was approximately $0.10 per share.

Cash flow after working capital changes was a use of cash of $12.3 million for the first quarter of 2008, compared with cash provided of $63.1 million for the same period last year. The Company's Canadian operations experienced a significant increase in accounts receivable at the end of the quarter, that will be collected next quarter, as a result of strong demand for product and the timing of deliveries in 2008.

Important New Contracts

Subsequent to the first quarter of 2008, Finning entered into the following noteworthy new contracts:

- Finning (Canada) has secured a major mining equipment and support services deal with Suncor Energy Inc. ("Suncor") for a total value of approximately $360 million. Suncor's equipment purchase includes 22 Caterpillar 797B mining trucks, 19 D11T and 5 D8T track-type tractors (bulldozers). In addition, Suncor has engaged Finning to support this equipment through various customer support service agreements, including parts and labour, ranging in term to approximately 10 years.

  The equipment is scheduled to be delivered over the course of 2008 and 2009. The new 797 trucks will be used to meet increased production levels from existing operations as well as mine expansions. With the delivery of these large mining trucks, Suncor's fleet of Caterpillar mining trucks will grow to 67 units, of which 51 will be 797s and 16 are 793 model trucks.

Executive Appointment and Announcements

- After a highly successful career as President and CEO of Finning, Doug Whitehead has elected to retire. Subject to shareholder approval, Mr. Whitehead will remain on the Finning Board and will assume the position of Chairman. Conrad Pinette, current Chairman of the Board, will step down from that role. Subject to shareholder approval, Mr. Pinette will remain on the Board of Directors. In addition, the Finning Board will appoint a Lead Director at its meeting today.

  In the first quarter of 2008, Finning announced the appointment of Michael T. Waites as President and Chief Executive Officer of Finning International Inc. effective following the Annual General Meeting on May 6, 2008. Subject to shareholder approval, Mr. Waites will also join the Finning Board of Directors at that time.

Common Share Dividend

The Board of Directors increased the Company's quarterly dividend to $0.11 per common share, payable on June 6, 2008, to shareholders of record on May 23, 2008.

<u>For more information</u>

Please call Tom Merinsky, Vice President, Investor Relations
Phone: (604) 331-4950
Email: investor_relations@finning.ca

First Quarter Conference Call

Management will hold an investor conference call on Tuesday, May 6, 2008 at 4:00 pm Eastern Time. Dial-in numbers:

1-866-898-9626 (anywhere within Canada and the U.S.)
(416) 340-2216 (for participants dialing from Toronto and overseas)

The call will be webcast live at http://www.finning.com/investors/investors.aspx and subsequently archived on the Finning website. Playback recording will be available at **1-800-408-3053** from 7:00 pm Eastern Time on May 6, 2008 until the end of business day on May 13, 2008. The passcode to access the playback recording is 3257465 followed by the number sign.

About Finning International Inc.

Finning International Inc. sells, rents, and provides customer support services for Caterpillar equipment and engines, and complementary equipment, in Western Canada (Alberta, British Columbia, the Northwest Territories and the Yukon Territory and a portion of Nunavut), the U.K. and South America (Argentina, Bolivia, Chile and Uruguay). Headquartered in Vancouver, B.C., Canada, Finning International Inc. (www.finning.com) is a widely held, publicly traded corporation, listed on the Toronto Stock Exchange (symbol FTT). Complete financial statements and Management's Discussion and Analysis can be accessed at www.finning.com.

Forward-Looking Disclaimer

This report (including the attached Management's Discussion and Analysis) contains forward-looking statements and information, which reflect the current view of Finning International Inc. with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties and Finning's actual results of operations could differ materially from historical results or current expectations. Finning assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

Refer to Finning's annual report, management information circular, annual information form, and other filings with Canadian securities regulators, which can be found at www.sedar.com, for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this report.

Next Quarterly Results August 12, 2008

Finning International's second quarter results for 2008 will be released and an investor conference call will be held on August 12, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise stated. For additional information, please refer to Finning's financial statements and accompanying notes and the management's discussion and analysis included in the Company's 2007 annual report.

Results of Operations

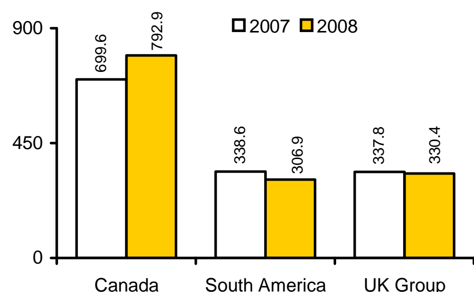
The results from continuing operations include those of acquired businesses from the date of their purchase and exclude results from operations that have been disposed of or are classified as discontinued. Results from operations that qualify as discontinued operations in 2007 have been reclassified to that category in 2007 and prior periods presented unless otherwise noted. Please see the section entitled "Discontinued Operations – Tool Hire Division" for a discussion of these operations.

First Quarter Overview

($ millions)	**Q1 2008**	Q1 2007	**Q1 2008**	Q1 2007
			(% of revenue)	
Revenue	**$ 1,430.2**	$ 1,376.0		
Gross profit	**409.6**	385.6	**28.6%**	28.0%
Selling, general & administrative expenses	**(314.7)**	(274.8)	**(22.0)%**	(20.0)%
Other income (expenses)	**14.9**	(0.2)	**1.1%**	—
Earnings from continuing operations before interest and income taxes [(1)]	**109.8**	110.6	**7.7%**	8.0%
Finance costs	**(19.8)**	(16.1)	**(1.4)%**	(1.2)%
Provision for income taxes	**(19.2)**	(23.8)	**(1.3)%**	(1.7)%
Net income from continuing operations	**70.8**	70.7	**5.0%**	5.1%
Loss from discontinued operations, net of tax	—	(0.8)	—	—
Net income	**$ 70.8**	$ 69.9	**5.0%**	5.1%

[(1)] EBIT as defined above and referred to throughout this Management's Discussion and Analysis (MD&A) does not have a standardized meaning under generally accepted accounting principles. For a reconciliation of this amount to net income from continuing operations, see the heading "Description of Non-GAAP Measure" in this MD&A.

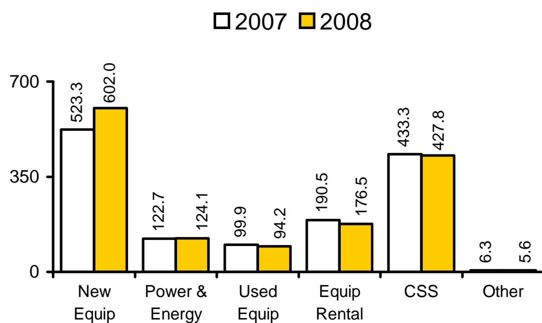
Revenue by Operation
($ millions)
Three months ended March 31



First quarter consolidated revenues from continuing operations continued to be strong at $1.4 billion, and increased 3.9% over the comparable quarter in 2007. In spite of the downward pressure from the significant strength of the Canadian dollar relative to the U.S. dollar and the U.K. pound sterling, Finning achieved record first quarter revenues driven by strong equipment sales. Prices for certain key commodities continue to be robust and drive demand in Canada and South America. In the U.K., solid activity and cost efficiencies experienced at the Company's UK dealership have offset the lower rental activity in the Hewden rental business.

Revenue was 13.3% higher in the first quarter of 2008 compared with the same period last year in the Company's Canadian operations as a result of a significant increase in new equipment revenues. This increase was primarily attributable to continued strong market demand and growth in the mining sector, particularly in the Alberta oilsands. Revenue from the Company's operations in South America increased 5.7% in local currency with strong customer support services revenues but when translated into Canadian dollars, decreased 9.4% compared with the first quarter of 2007. Revenues were up 12.7% for the Company's operations in the U.K. in local currency compared to the similar period last year, reflecting higher new and used equipment revenues as well as higher revenues from customer support services partially offset by lower rental revenues. When translated to Canadian dollars, the UK Group's revenues decreased 2.2%.

Revenue by Line of Business
($ millions)
Three months ended March 31



From a line of business perspective, strong demand continued in the first quarter of 2008 for new equipment sales. On a consolidated basis, most of the other lines of business decreased over the first quarter 2007 levels. Revenues from customer support services were approximately $27 million lower in the first quarter of 2008 as a result of the termination of a fuels and lubricants distribution agreement with Shell Canada Products in the fourth quarter of 2007. Used equipment revenues were slightly down and typically vary depending on product availability, customer buying preferences, and exchange rate considerations.

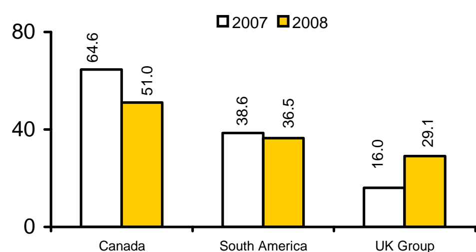
Revenue mix continued to be more heavily weighted to new equipment sales this quarter as a result of extremely strong demand for equipment in Canada. New equipment revenues made up 42.1% of total revenues in the first quarter of 2008, up from 38.0% in the same period last year.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) of approximately $1.7 billion at the end of the first quarter of 2008 remains strong, and is comparable to December 2007. Backlog of orders is strong in all operations and is weighted more towards mining customers which more than offsets weakness in other sectors.

The Company is dependent on Caterpillar Inc. (Caterpillar) for the timely supply of parts and equipment to fulfill its deliveries and meet the requirements of the Company's service maintenance contracts. Selected models of large equipment, large engines, and some parts continue to be under managed distribution. Finning continues to work closely with Caterpillar and customers to ensure that demand for parts and equipment can be met.

Gross profit of $409.6 million in the quarter increased 6.2% over the same period last year. As a percentage of revenue, gross profit for the quarter was 28.6%, up from 28.0% in the first quarter of 2007. A higher gross profit as a percentage of revenue was achieved by the Company's South American operations due to a revenue mix shift to higher margined customer support services. These higher margins were partially offset by a lower gross profit as a percentage of revenue in Canada, primarily due to a revenue mix shift to lower margined new equipment sales. The gross profit margin for the UK Group was slightly lower when compared to the same period last year.

EBIT by Operation – continuing operations
($ millions)
Three months ended March 31



Excluding other operations – corporate head office

EBIT from continuing operations of $109.8 million was comparable to the prior year and included gains on the sale of certain properties partially offset by non-recurring costs related to the transition of Collicutt Energy Services Ltd. and restructuring costs in connection with the back office integration in the U.K. Excluding these non-recurring items, EBIT would have been $100.9 million, 8.8% lower than the first quarter of 2007.

The lower EBIT in the first quarter of 2008 was due to a stronger Canadian dollar as well as due to higher variable operating costs to support the increased level of activity anticipated in the remainder of the year for deliveries and product support, partially offset by lower long-term incentive plan (LTIP) charges. The LTIP charges in the first quarter of 2008 were $6.1 million lower than the same period in 2007. This was primarily due to a lower mark-to-market impact on the valuation of certain stock-based compensation plans, net of hedging activity, due to a stronger appreciation of the Company's share price in the first quarter of 2007.

Net income from continuing operations of $70.8 million was comparable to the $70.7 million achieved in the first quarter of 2007. Net income after discontinued operations for the first quarter of 2007 was $69.9 million.

Basic Earnings Per Share (EPS) from continuing operations for the quarter was $0.41 compared with $0.39 in the same period last year. As noted above, the first quarter results for 2008 included $0.05 per share of non-recurring items. Excluding these items, basic EPS from continuing operations would have been $0.36 compared to $0.39 in the first quarter of 2007.

Cash Flow

Cash flow after changes in working capital for the quarter was a $12.3 million use of cash, compared with cash flow generated of $63.1 million in the same period last year. The Company's Canadian operations experienced a significant increase in accounts receivable at the end of the quarter, which will be collected next quarter, as a result of strong demand for product and the timing of deliveries. Throughout all operations, management continues to focus on improving cash cycle times and operating efficiencies.

The Company made a net investment in rental assets of $87.8 million in the first quarter, which was $68.4 million lower than the same period in 2007, down in all operations. Rental expenditures decreased as a result of higher demand for rental assets in 2007, particularly at the Company's Canadian operations, as well as higher disposals in the first quarter of 2008 compared with the same period last year.

As a result of these items, cash flow used by operating activities was $99.4 million in the first quarter of 2008 compared to $96.0 million in the comparative period in 2007. Cash flow in the first quarter of 2008 reflected planned growth in assets to meet customer demand with strong deliveries and cash generation anticipated for the remainder of the year.

Foreign Exchange

The Company's reporting currency is the Canadian dollar. However, due to the geographical diversity of the Company's operations, a significant portion of revenue and operating expenses are in a different currency. The most significant currencies the Company transacts business in are the Canadian dollar, the U.S. dollar, and the U.K. pound sterling. The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars. Compared to the first quarter of 2007, foreign exchange had a significant negative impact on consolidated revenues in the first quarter of 2008 compared to the prior year of approximately $185 million due to a stronger Canadian dollar relative to the U.S. dollar (14.3% stronger than 2007) and the U.K. pound sterling (13.3% stronger than 2007). The first quarter of 2008 was affected by the most significant quarterly variance over the prior year of a stronger Canadian dollar. As a result, net income was negatively impacted by approximately $0.10 per share compared to the prior year.

Over time, the Company does not anticipate the same magnitude of foreign exchange affecting results and continually aligns its cost structure to recover the impact of foreign exchange.

The following table provides details of revenue and EBIT contribution by operation and the foreign exchange impact for the quarter.

Three months ended March 31 ($ millions)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenues Q1 2007	$ 699.6	$ 338.6	$ 337.8	$ —	$ 1,376.0
Foreign exchange impact	(82.2)	(51.1)	(50.1)	—	(183.4)
Operating revenue increase	175.5	19.4	42.7	—	237.6
Revenues – Q1 2008	$ 792.9	$ 306.9	$ 330.4	$ —	$ 1,430.2
Total revenue increase (decrease)	$ 93.3	$ (31.7)	$ (7.4)	$ —	$ 54.2
- percentage increase (decrease)	13.3%	(9.4)%	(2.2)%	—	3.9%
- percentage increase, excluding foreign exchange	25.1%	5.7%	12.7%	—	17.3%

Three months ended March 31 ($ millions)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
EBIT Q1 2007	$ 64.6	$ 38.6	$ 16.0	$ (8.6)	$ 110.6
Foreign exchange impact	(17.5)	(6.1)	(4.4)	—	(28.0)
Operating EBIT increase	3.9	4.0	17.5	1.8	27.2
EBIT – Q1 2008	$ 51.0	$ 36.5	$ 29.1	$ (6.8)	$ 109.8
Total EBIT increase (decrease)	$ (13.6)	$ (2.1)	$ 13.1	$ 1.8	$ (0.8)
- percentage increase (decrease)	(21.1)%	(5.4)%	81.9%	(20.9)%	(0.7)%
- percentage increase (decrease), excluding foreign exchange	6.0%	10.1%	109.1%	—	24.6%

Results by Business Segment

The Company and its subsidiaries operate primarily in one principal business, that being the selling, servicing, and renting of heavy equipment and related products in various markets worldwide as noted below.

Finning's operating units are as follows:

- *Canadian operations*: British Columbia, Alberta, the Yukon Territory, the Northwest Territories, and a portion of Nunavut.
- *South American operations*: Chile, Argentina, Uruguay, and Bolivia.
- *UK Group operations*: England, Scotland, Wales, Falkland Islands, and the Channel Islands.
- *Other*: corporate head office.

The table below provides details of revenue by operations and lines of business for continuing operations. Comparative periods have been reclassified to conform to the 2008 presentation.

Three months ended March 31, 2008 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New mobile equipment	**$ 413.6**	**$ 109.2**	**$ 79.2**	**$ 602.0**	**42.1%**
New power & energy systems	**34.7**	**31.8**	**57.6**	**124.1**	**8.7%**
Used equipment	**43.9**	**10.3**	**40.0**	**94.2**	**6.6%**
Equipment rental	**68.7**	**14.1**	**93.7**	**176.5**	**12.4%**
Customer support services	**227.5**	**140.4**	**59.9**	**427.8**	**29.9%**
Other	**4.5**	**1.1**	**—**	**5.6**	**0.3%**
Total	**$ 792.9**	**$ 306.9**	**$ 330.4**	**$ 1,430.2**	**100.0%**
Revenue percentage by operations	**55.4%**	**21.5%**	**23.1%**	**100.0%**	

Three months ended March 31, 2007 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New mobile equipment	$ 276.7	$ 151.9	$ 94.7	$ 523.3	38.0%
New power & energy systems	55.8	21.8	45.1	122.7	8.9%
Used equipment	63.1	15.5	21.3	99.9	7.3%
Equipment rental	65.5	11.5	113.5	190.5	13.8%
Customer support services	232.8	137.3	63.2	433.3	31.5%
Other	5.7	0.6	—	6.3	0.5%
Total	$ 699.6	$ 338.6	$ 337.8	$ 1,376.0	100.0%
Revenue percentage by operations	50.9%	24.6%	24.5%	100.0%	

The table below provides details of EBIT contribution by business segment for continuing operations:

Three months ended March 31, 2008 ($ millions)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	**$ 792.9**	**$ 306.9**	**$ 330.4**	**$ —**	**$ 1,430.2**
Operating costs	**(705.5)**	**(262.7)**	**(284.6)**	**(6.7)**	**(1,259.5)**
Depreciation and amortization	**(36.4)**	**(7.6)**	**(31.8)**	**—**	**(75.8)**
Other income (expenses)	**—**	**(0.1)**	**15.1**	**(0.1)**	**14.9**
Earnings before interest and tax	**$ 51.0**	**$ 36.5**	**$ 29.1**	**$ (6.8)**	**$ 109.8**
Earnings before interest and tax					
- percentage of revenue	**6.4%**	**11.9%**	**8.8%**		**7.7%**
- percentage by operations	**46.5%**	**33.2%**	**26.5%**	**(6.2)%**	**100.0%**

Three months ended March 31, 2007 ($ millions)	Canada	South America	UK Group	Other	Consolidated
Revenue from external sources	$ 699.6	$ 338.6	$ 337.8	$ —	$ 1,376.0
Operating costs	(595.4)	(293.6)	(289.2)	(8.6)	(1,186.8)
Depreciation and amortization	(39.3)	(6.4)	(32.7)	—	(78.4)
Other income (expenses)	(0.3)	—	0.1	—	(0.2)
Earnings before interest and tax	$ 64.6	$ 38.6	$ 16.0	$ (8.6)	$ 110.6
Earnings before interest and tax					
- percentage of revenue	9.2%	11.4%	4.7%		8.0%
- percentage by operations	58.4%	34.9%	14.5%	(7.8)%	100.0%

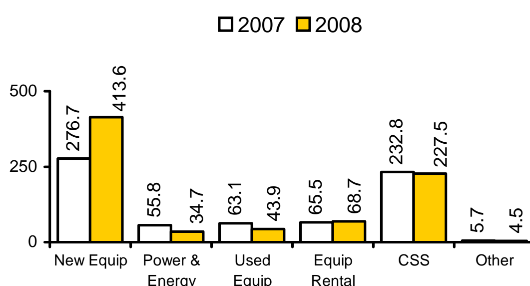
Canadian Operations

The Canadian operating segment primarily reflects the results of the Company's operating division, Finning (Canada). This reporting segment also includes the Company's interest in OEM Remanufacturing Company Inc. (OEM), which is separately managed from Finning (Canada). On January 15, 2008, Finning (Canada) acquired the issued and outstanding common shares of Collicutt Energy Services Ltd. (Collicutt), a leading Canadian oilfield service company. The results of Collicutt's operations have been included in the consolidated financial statements since the acquisition date.

The table below provides details of the results from the Canadian operating segment:

Three months ended March 31 **($ millions)**	**2008**	2007
Revenue from external sources	**$ 792.9**	$ 699.6
Operating costs	**(705.5)**	(595.4)
Depreciation and amortization	**(36.4)**	(39.3)
Other expenses	**—**	(0.3)
Earnings before interest and taxes	**$ 51.0**	$ 64.6
Earnings before interest and taxes		
- as a percentage of revenue	**6.4%**	9.2%
- as a percentage of consolidated earnings before interest and taxes	**46.5%**	58.4%

Canada – Revenue by Line of Business
($ millions)
Three months ended March 31



First quarter revenues increased 13.3% over the 2007 levels to $792.9 million, the highest first quarter revenues ever recorded by the Company's Canadian operations. This occurred in spite of a 14.3% strengthening of the Canadian dollar relative to the U.S. dollar year over year, and very strong first quarter revenues earned in 2007.

Revenues from new equipment were particularly strong, continuing the trend experienced over the past several years. The increase in new equipment revenues was attributable primarily to continued strong market demand and growth in the mining sectors, particularly the Alberta oilsands. First quarter revenues from the other lines of business in Canada were either comparable or slightly lower than the 2007 levels. Customer support services revenues in the first quarter of 2008 were lower primarily due to the termination of a fuels and lubricants distribution arrangement with Shell Canada Products in the fourth quarter of 2007, which reduced revenues by approximately $27 million.

In Canada, gross profit as a percentage of revenue was slightly lower overall than the first quarter of 2007 due to the shift in revenue mix towards new equipment sales which typically return lower margins than customer support services. This was partially offset by higher customer support services margins in the first quarter of 2008 due to price realization as well as the termination of the low margin Shell business.

Selling, general, and administrative (SG&A) costs increased in the first quarter of 2008 largely due to the integration and transition of the Collicutt business and investment in headcount and people related costs in order to support the strong demand in western Canada. Headcount for Finning (Canada) increased by over 600 or 17% compared to March 2007. As a result, higher SG&A costs incurred in the first quarter of 2008

were primarily growth related and will enable us to meet the anticipated future demand from the oilsands sector.

EBIT totalled $51.0 million in the first quarter of 2008 compared with $64.6 million in the same period in 2007. The Canadian operating segment also experienced a decline in EBIT margin (EBIT divided by revenues) to 6.4% in the first quarter of 2008, down from 9.2% last year. The decline in EBIT margin is attributed primarily to the increase in SG&A costs from the Collicutt business integration and other increases noted above that were required to meet the strong demand in the Alberta oilsands, as well as the significant impact of foreign exchange. In the first quarter of 2008, the Company completed the acquisition of Collicutt and incurred costs to integrate and transition the operations to undertake Finning customer service work. Excluding the costs incurred with this integration, EBIT margin would have been 7.2%. The first quarter of 2007 was an extremely strong quarter with EBIT margin at 9.2%. The first quarter adjusted EBIT margin for 2006 of 7.7% is considered more representative of the EBIT margin for the Company's Canadian operations in a first quarter. The adjusted EBIT margin for the first quarter of 2008 was lower than 2006 primarily due to the extremely high proportion of lower margin new equipment sales in 2008.

The aggregate purchase price on the acquisition of Collicutt was $133.5 million, comprising $84.5 million of cash, common shares valued at $0.4 million, $42.2 million of debt repayment, and $6.4 million of acquisition costs. This acquisition provides Finning (Canada) with the opportunity to expand its capacity of regional branches to enable them to undertake more customer service work, accelerate throughput of new equipment prepared for delivery to customers, and increase the ability to undertake machine overhaul and rebuild work. Finning (Canada) plans to relocate the Edmonton-based new equipment preparation and used parts work to Collicutt's facilities in Red Deer, Alberta. This heavy equipment centre of excellence will free up capacity and give the Company the opportunity to develop a mining/heavy equipment overhaul rebuild capability in Red Deer.

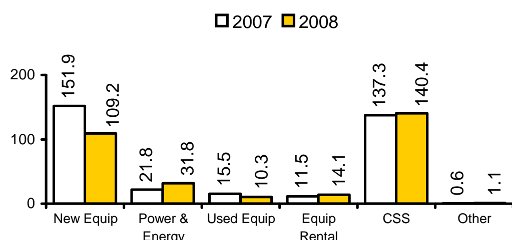
South America

The Company's South American operations include the results of its Caterpillar dealerships in Chile, Argentina, Uruguay, and Bolivia.

The table below provides details of the results from the South American operations:

Three months ended March 31 ($ millions)	**2008**	2007
Revenue from external sources	**$ 306.9**	$ 338.6
Operating costs	**(262.7)**	(293.6)
Depreciation and amortization	**(7.6)**	(6.4)
Other expenses	**(0.1)**	—
Earnings before interest and taxes	**$ 36.5**	$ 38.6
Earnings before interest and taxes		
- as a percentage of revenue	**11.9%**	11.4%
- as a percentage of consolidated earnings before interest and taxes	**33.2%**	34.9%

South America – Revenue by Line of Business ($ millions)
Three months ended March 31



Revenues for the first quarter of 2008 of $306.9 million were 9.4% lower than the levels achieved in the first quarter of 2007. Foreign exchange had a significant negative impact on the translation of revenues, due to the 14.3 % strengthening of the Canadian dollar relative to the local currency, the US dollar. In local currency, Finning South America revenues increased 5.7% this quarter, reflecting higher revenues from customer support services which were up almost 20% over the same period last year.

The Company's South American operations experienced a shift in revenue mix to higher customer support services from new equipment sales in the first quarter of 2008. Customer support services revenues as a percentage of revenue accounted for 46% of total revenues compared with 40% in the first quarter of 2007. Growth in customer support services continues to be driven by the higher number of Caterpillar units operating in the field and reflects the increasing number of mining maintenance and repair contracts entered into over the past couple of years as well as the increased coverage across the region from the investment in branches.

In Canadian dollars and local currency, gross profit increased in the first quarter of 2008 compared with the comparative period in 2007 both in absolute terms and as a percentage of revenue due to the shift in revenue mix towards customer support services which typically return higher margins than new equipment sales. Strong margins were achieved in most lines of business partially through price realization in a robust market. In order to meet the customer service demand and the resultant higher number of service maintenance contracts, over 600 additional revenue-generating employees and support staff have been hired, representing a 13% increase over March 2007 levels.

As a result of an increased headcount for associated support staff, SG&A expenses included higher salaries and benefit costs in the first quarter of 2008 compared with the same period in 2007. Other operating costs reflect the upward pressure of inflationary increases, especially from Argentina which continues to have a comparatively high rate of inflation. Where possible, price increases have been implemented to offset rising costs.

EBIT of the Company's South American operations of $36.5 million for the first three months of 2008 was 5.4% lower than the first quarter of 2007. However, in local currency, EBIT increased 10.1% over the prior year driven by the higher volumes and margins, and the revenue mix shift to higher margin customer support services revenue. In addition, primarily as a result of the revenue mix shift, EBIT as a percentage of revenue for Finning South America improved to 11.9%, up from 11.4% in 2007.

United Kingdom ("UK") Group

The Company's UK Group includes the following four lines of business: Heavy Construction, General Construction, Power Systems, and Rental (Hewden).

In July 2007, Hewden sold its Tool Hire Division. The results from the Tool Hire Division are recorded as discontinued operations with prior period results restated accordingly.

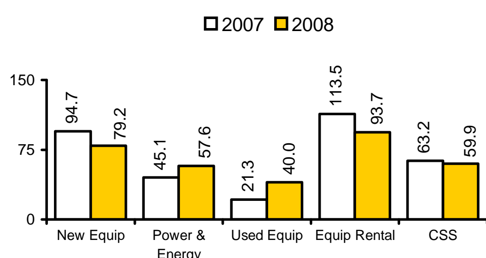
In the first quarter of 2008, Finning announced that it would centralize the business support services of its Finning UK Group into a single location at Cannock, Staffordshire. As a result, Hewden will be closing its administration offices in Tannochside, near Glasgow, and retaining a Hewden focussed operational support team presence in Manchester.

The move is designed to achieve better integrated information technology, finance, and other support services across the Finning UK Group. It will also bring significant reductions in administration costs in keeping with the recent investment in a new information technology system at Hewden.

The table below provides details of the results of the continuing operations from the UK Group:

Three months ended March 31 **($ millions)**	**2008**	2007
Revenue from external sources	**$ 330.4**	$ 337.8
Operating costs	**(284.6)**	(289.2)
Depreciation and amortization	**(31.8)**	(32.7)
Other income	**15.1**	0.1
Earnings before interest and taxes	**$ 29.1**	$ 16.0
Earnings before interest and taxes		
- as a percentage of revenue	**8.8%**	4.7%
- as a percentage of consolidated earnings before interest and taxes	**26.5%**	14.5%

UK Group – Revenue by Line of Business
($ millions)
Three months ended March 31



The UK Group's revenues for the first three months of 2008 of $330.4 million were down 2.2% from the same period last year, primarily due to translating the UK Group's foreign sourced earnings to Canadian dollars with a 13.3% stronger Canadian dollar relative to the U.K. pound sterling. In local currency, revenues were up 12.7% compared with the first quarter of 2007.

Revenues, in local currency, from all lines of business improved compared with the first quarter of 2007, with the exception of rental revenue. In local currency, revenues from new equipment and power and energy systems were 12.6% higher in the first quarter of 2008 compared to the prior year, primarily due to strong Power Systems revenues. The first quarter of 2008 also included a significant sale of used equipment, contributing to a more than doubling of used equipment revenues compared with the same period last year.

Rental revenue continues to be impacted by lower utilization rates at Hewden. The decrease in rental revenues was also attributed to two fewer business days in the first quarter of 2008 as compared to the same period last year, due to the timing of Easter.

Gross profit, in local currency, for the first three months of 2008 was higher compared with the same period last year in absolute terms, but decreased as a percentage of revenue partially due to a revenue mix shift towards a higher proportion of used equipment sales which typically generate lower margins compared to customer support services. Higher revenues and margins were achieved in customer support services; however, the rental business continued to experience lower margins for the reasons noted above.

SG&A costs were higher in the first quarter of 2008 compared with 2007, in local currency, reflecting higher costs in line with higher revenues, increased information technology costs, and increased credit and collection expenses.

Other income for the first quarter of 2008 included a $14.7 million pre-tax gain on the sale of certain properties at Hewden. Also, further to the reorganization of the UK Group business model in the fourth quarter of 2006, it was announced in the first quarter of 2008 that the Hewden Tannochside office located in Scotland is being closed. The business support functions of the UK Group will be integrated into one operation located in Cannock, England, that will provide common head office services, generating additional synergies among the four market units. Restructuring and other costs incurred in connection with this integration of approximately $0.5 million were incurred in the first quarter of 2008, with a further $10 million anticipated to be spent during the remainder of 2008 and early 2009. This integration will promote efficiencies and reduce costs and over time, with one common system, annual savings are expected to be between $5 to $7 million.

In the first three months of 2008, the UK Group contributed $29.1 million of EBIT, an increase of over 80% compared with that achieved in the first quarter of 2007. In local currency, after adjusting for the gain on the properties sale and the restructuring costs noted above, EBIT would have been higher in the first quarter of 2008 by 7.1% compared with the same period last year.

EBIT as a percentage of revenue for the UK Group was 8.8% in the first quarter of 2008 compared with 4.7% in the same period last year. Excluding the gain on the properties sale and the restructuring costs, the 2008 EBIT margin would have been 4.5%, and slightly lower than the first quarter of 2007 primarily due to Hewden's results.

Discontinued Operations – Tool Hire Division

On July 31, 2007, Hewden sold its Tool Hire Division. This division is classified as discontinued operations within the consolidated income statements for all periods presented prior to the disposition.

The table below provides details of the discontinued operations of the Tool Hire Division for the first quarter of 2007:

Three months ended March 31 **($ millions)**	2007
Revenue from external sources	$ 50.4
Operating costs	(36.4)
Depreciation and amortization	(10.4)
Other expenses	(2.3)
Earnings before interest and taxes	$ 1.3

Corporate and Other Operations

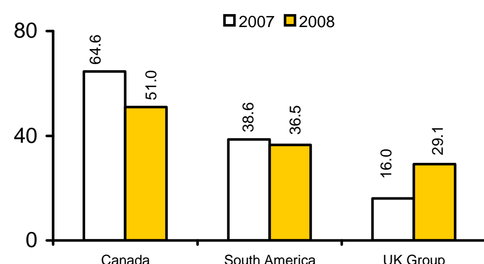
Three months ended March 31 ($ millions)	**2008**	2007
Operating costs	**$ (6.7)**	$ (8.6)
Other expenses	**(0.1)**	—
Earnings before interest and taxes	**$ (6.8)**	$ (8.6)

For the three months ended March 31, 2008, operating costs of $6.7 million were $1.9 million lower than the same period last year. LTIP costs incurred at the Corporate level were $3.0 million lower than the first quarter of 2007. This was primarily due to a lower mark-to-market impact on the valuation of certain stock-based compensation plans, net of hedging activity, resulting from the appreciation of the Company's share price which was incrementally higher in the first quarter of 2007. Costs included in other expenses were higher in 2008 as the Company begins the implementation of a new information technology system for its global operations.

Earnings Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT from continuing operations in the first three months of 2008 of $109.8 million was comparable to the same period in 2007. The first quarter 2008 results included several non-recurring items, including gains on the sale of certain properties partially offset by costs related to the transition of Collicutt and restructuring costs in connection with the business support integration in the U.K. Adjusting the first quarter 2008 results for these non-recurring items, EBIT would have been $100.9 million, down 8.8% from the comparable period of 2007. Gross profit increased $24.0 million to $409.6 million in the first quarter of 2008 compared with the same period last year. However, the increase in gross profit was more than offset by higher SG&A costs, which were incurred to meet anticipated growth and customer demand, as well as cost increases in both Alberta and South America. Although there continues to be strong demand and activity at the Company's Canadian, South American, and UK dealership operations, foreign exchange had a significant negative impact on earnings in the first quarter of 2008 due to the stronger Canadian dollar relative to the U.S. dollar and U.K. pound sterling. The foreign exchange variance is mainly due to translating foreign currency based results into Canadian dollars. Adjusting for the non-recurring items noted above, EBIT as a percentage of revenue (EBIT margin) was 7.1%, compared with 8.0% for the same period in 2007.

EBIT by operation
($ millions)
Three months ended March 31



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2007 Q1 EBIT	110.6
Net growth in operations	11.1
Foreign exchange impact	(28.0)
Gain on sale of certain properties in Hewden	14.7
Collicutt integration and start-up costs	(5.3)
Lower LTIP costs	6.1
Other net expenses *(see Note 2 to the Consolidated Financial Statements)*	0.6
2008 Q1 EBIT	109.8

Finance Costs

Finance costs from continuing operations for the three months ended March 31, 2008, of $19.8 million were 23.0% higher than the comparable period last year primarily due to higher debt in 2008 as a result of the acquisition of Collicutt, the repurchase of the Company's common shares as part of a normal course issuer bid, as well as to support the Company's higher working capital requirements.

Provision for Income Taxes

The effective income tax rate for the first quarter of 2008 was 21.3% compared to 25.2% in the comparable period of the prior year. The lower effective tax rate is primarily due to a reduction in statutory tax rates in 2008 in both the UK and Canada compared to 2007 as well as lower taxes resulting from the sale of properties in the UK. Adjusting for these gains and other non-recurring items, the effective tax rate would have been 23.9%. The Company continues to expect its consolidated annual effective tax rate to be within current guidance of 25-30%.

Net Income

Finning's net income from continuing operations of $70.8 million in the first quarter of 2008 was comparable with that achieved in the same period last year of $70.7 million. First quarter 2008 net income was negatively impacted by foreign exchange of approximately $18 million after-tax, primarily due to translating foreign currency based earnings with a stronger Canadian dollar. The Company realized improved margins but this was more than offset by higher costs to meet customer demand. The results for the first quarter of 2008 included gains on the sale of certain properties partially offset by non-recurring costs related to the integration of Collicutt, and restructuring costs in connection with the business support integration in the U.K. Basic EPS from continuing operations increased 5.1% to $0.41 in the first quarter of 2008 compared with $0.39 in the comparative period last year. Excluding the non-recurring items noted above, basic EPS would have been $0.36, 7.7% lower than the first quarter of 2007. The total negative impact due to the much stronger Canadian dollar compared to the prior year first quarter was approximately $0.10 per share.

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended March 31, 2008, cash flow used after working capital changes was $12.3 million, a decrease from cash flow generated of $63.1 million during the same period in 2007. The Company's Canadian operations experienced a significant increase in accounts receivable at the end of the quarter, which will be collected next quarter, as a result of strong demand for product and the timing of deliveries. Throughout all operations, management continues to focus on improving cash cycle times and operating efficiencies.

The Company made a net investment in rental assets of $87.8 million during the first quarter of 2008 compared to $156.2 million during the same period in 2007. Rental investment moderated in 2008 compared to higher demand for rental assets in 2007, particularly at the Company's Canadian operations. In addition, the Company had higher rental disposals in the first quarter of 2008 compared with the same period last year.

Overall, cash flow used by operating activities was $99.4 million in the first quarter of 2008 compared to a use of cash of $96.0 million in 2007.

Cash Used For Investing Activities

Net cash used in investing activities in the three months ended March 31, 2008, totalled $120.9 million compared with $18.1 million in the first quarter of 2007. The primary use of cash in the first quarter of 2008 was the acquisition of Collicutt for $132.3 million, net of cash received.

Gross capital additions for the three months ended March 31, 2008 were $22.4 million which is comparable with the $18.1 million invested in the three months ended March 31, 2007. Capital additions in 2008 and 2007 reflect general capital spending to support operations.

In the first quarter of 2008, the Company increased its investment in Energyst B.V. by $4.6 million, increasing its equity investment to 24.85%. In the first quarter of 2007, the Company acquired one Cat Rental Store for $2.7 million.

Financing Activities

As at March 31, 2008, the Company's short and long-term borrowings totalled $1.5 billion, an increase of $318.4 million, or 27.1% since December 31, 2007, primarily to support the acquisition of Collicutt and the repurchase of common shares as part of a normal course issuer bid, as well as support the Company's higher invested working capital requirements.

The Company's long-term debt rating was upgraded to A (low) by Dominion Bond Rating Service, and was confirmed at BBB+ by Standard & Poor's.

Dividends paid to shareholders were $17.3 million, $2.9 million higher than the first quarter of 2007 due to the increase in the quarterly dividend rate from $0.08 to $0.10 per share.

The Company had an active share repurchase program in effect until March 29, 2008. During the first quarter of 2008, the Company repurchased 3,581,500 common shares at an average price of $27.21 for an aggregate amount of $97.5 million.

Description of Non-GAAP Measure

EBIT is defined herein as earnings from continuing operations before interest expense, interest income, and income taxes and is a measure of performance utilized by management to measure and evaluate the financial performance of its operating segments. It is also a measure that is commonly reported and widely used in the industry to assist in understanding and comparing operating results. EBIT does not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and is therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, this measure should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with GAAP.

Reconciliation between EBIT and net income from continuing operations:

Three months ended March 31 ($ millions)		**2008**		2007
Earnings from continuing operations before interest and income taxes (EBIT)	**$**	**109.8**	$	110.6
Finance costs		**(19.8)**		(16.1)
Provision for income taxes		**(19.2)**		(23.8)
Net income from continuing operations	**$**	**70.8**	$	70.7

Risk Management

Finning and its subsidiaries are exposed to market, financial, and other risks in the normal course of their business activities. The Company has adopted an Enterprise Risk Management (ERM) approach in identifying, prioritizing, and evaluating risks. This ERM framework assists the Company in managing business activities and risks across the organization in order to achieve the Company's strategic objectives.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed, and reported. The Company discloses all of its key risks in its most recent Annual Information Form (AIF) with key financial risks also included in the Company's Annual Management's Discussion and Analysis (MD&A). On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2007.

There have been no significant changes or new key risks identified from the key risks as disclosed in the Company's AIF for the year ended December 31, 2007, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar, the Canadian dollar, the U.K. pound sterling, and the Chilean peso. As a result, the Company has a certain degree of foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure and translation exposure. These are explained further in the 2007 annual MD&A.

The sensitivity of the Company's net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. The table assumes that the Canadian dollar strengthens 5% against the currency noted, for a full year relative to the March 2008 month end rates, without any change in local currency volumes or hedging activities.

Currency	March 31, 2008 month end rates	Increase (decrease) in annual net income $ millions
USD	1.0279	(18)
GBP	2.0407	(2)
CHP	0.0024	3

The sensitivities noted above ignore the impact of exchange rate movements on other macroeconomic variables, including overall levels of demand and relative competitive advantages. If it were possible to quantify these impacts, the results would likely be different from the sensitivities shown above.

Controls and Procedures Certification

The Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

Management have also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended March 31, 2008, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Outstanding Share Data

As at May 2, 2008	
Common shares outstanding	172,623,385
Options outstanding	4,559,836

Selected Quarterly Information

$ millions, except for share and option data	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4	2006 Q3	2006 Q2	2006 Q1
Revenue [1]									
Canada	$ 792.9	$ 750.3	$ 639.9	$ 846.4	$ 699.6	$ 737.0	$ 594.7	$ 681.0	$ 599.9
South America	306.9	348.0	317.4	321.6	338.6	301.0	261.0	216.2	231.7
UK Group	330.4	361.2	371.8	329.6	337.8	327.1	312.0	294.5	297.1
Total revenue	$1,430.2	$1,459.5	$1,329.1	$1,497.6	$1,376.0	$1,365.1	$1,167.7	$1,191.7	$1,128.7
Net income (loss) [1]									
from continuing operations	$ 70.8	$ 70.5	$ 63.6	$ 75.3	$ 70.7	$ 53.1	$ 71.8	$ 56.0	$ 55.3
from discontinued operations	—	—	—	(1.2)	(0.8)	(0.4)	(33.9)	0.6	1.6
Total net income	$ 70.8	$ 70.5	$ 63.6	$ 74.1	$ 69.9	$ 52.7	$ 37.9	$ 56.6	$ 56.9
Basic Earnings (Loss) Per Share [1] [2]									
from continuing operations	$ 0.41	$ 0.40	$ 0.35	$ 0.42	$ 0.39	$ 0.30	$ 0.40	$ 0.31	$ 0.31
from discontinued operations	—	—	—	(0.01)	—	—	(0.19)	—	0.01
Total basic EPS	$ 0.41	$ 0.40	$ 0.35	$ 0.41	$ 0.39	$ 0.30	$ 0.21	$ 0.31	$ 0.32
Diluted Earnings (Loss) Per Share [2]									
from continuing operations	$ 0.40	$ 0.39	$ 0.35	$ 0.42	$ 0.39	$ 0.29	$ 0.40	$ 0.31	$ 0.31
from discontinued operations	—	—	—	(0.01)	—	—	(0.19)	—	0.01
Total diluted EPS	$ 0.40	$ 0.39	$ 0.35	$ 0.41	$ 0.39	$ 0.29	$ 0.21	$ 0.31	$ 0.32
Total assets [1]	$4,527.8	$4,134.2	$4,079.7	$4,434.4	$4,386.2	$4,200.8	$3,786.4	$3,900.2	$3,868.0
Long-term debt									
Current	$ 215.9	$ 215.7	$ 204.2	$ 204.1	$ 2.2	$ 2.2	$ 79.3	$ 79.1	$ 80.3
Non-current	605.7	590.4	554.5	600.6	753.8	735.9	710.7	851.5	848.9
Total long-term debt [3]	$ 821.6	$ 806.1	$ 758.7	$ 804.7	$ 756.0	$ 738.1	$ 790.0	$ 930.6	$ 929.2
Cash dividends paid per common share [2]	$ 0.10	$ 0.10	$ 0.09	$ 0.09	$ 0.08	$ 0.08	$ 0.065	$ 0.065	$ 0.065
Common shares outstanding (000's) [2]	172,623	176,132	178,521	179,601	179,272	179,090	178,808	178,778	178,742
Options outstanding (000's) [2]	4,576	4,656	4,737	4,934	3,606	3,904	4,302	4,330	2,610

(1) On July 31, 2007, the Company's U.K. subsidiary, Hewden Stuart Plc, sold its Tool Hire Division. On September 29, 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division.

Results from the Tool Hire and Materials Handling divisions qualify as discontinued operations and have been reclassified to that category for all periods presented. Included in the loss from discontinued operations in the third quarter of 2007 is the after-tax gain on the sale of the Tool Hire Division of $0.1 million. Restructuring and other costs associated with the disposition of $2.0 million after tax were recorded in the second and third quarters of 2007. Included in the loss from discontinued operations in the third quarter of 2006 is the after-tax loss on the sale of the Materials Handling Division of $32.7 million or $0.18 per share. Revenues from the UK Tool Hire and Materials Handling divisions have been excluded from the revenue figures above. Assets from the Tool Hire and Materials Handling divisions have been included in the total assets figures for periods prior to their sale.

On January 15, 2008, the Company's Canadian operations purchased Collicutt Energy Services Ltd. The results of operations and financial position of Collicutt are included in the Q1 2008 figures above.

(2) On May 9, 2007, the Company's shareholders approved a split of the Company's outstanding common shares on a two-for-one basis. Each shareholder of record at the close of business on May 30, 2007, received one additional share for every outstanding share held on the record date. All share and per-share data have been adjusted to reflect the stock split. During the first quarter of 2008, the Company repurchased 3,581,500 common shares at an average price of $27.21 as part of a normal course issuer bid. During the third and fourth quarters of 2007, 3,691,400 common shares were repurchased at an average price of $27.82.

Earnings per share (EPS) for each quarter has been computed based on the weighted average number of shares issued and outstanding during the respective quarter; therefore, quarterly amounts may not add to the annual total.

(3) In the third quarter of 2006, the Company utilized funds from the sale of the UK Materials Handling Division to redeem £75 million of its £200 million Eurobond notes.

New Accounting Pronouncements

Change in Accounting Policies in 2008

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Section 3031, *Inventories*; Section 3862, *Financial Instruments – Disclosures*; and Section 3863, *Financial Instruments – Presentation*. The principal changes related to these standards are described below.

i. Inventories

The new standard provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value.

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment, and on a weighted average cost basis for parts and supplies. The cost of inventories includes all costs of purchase, conversion costs, and other costs incurred in bringing inventories to their existing location and condition. In the case of internal service work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The new standard has been applied prospectively; accordingly comparative periods have not been restated. However, prior period financial statements retroactively reflect the classification of unbilled service work in progress. Adjustments to the previous carrying amount of inventories have been recognized as an adjustment of the balance of retained earnings as at January 1, 2008.

As at January 1, 2008, the impact on the consolidated balance sheet as a result of the adoption of these standards was an increase in inventory of $8.7 million; an increase in future income tax liability of $2.4 million; and an increase in retained earnings of $6.3 million.

The effect of these changes in accounting policies on net income for the first quarter of 2008 is not material.

Details of the specific impact of these standards on the Company are disclosed in Note 1 to the Company's Consolidated Interim Financial Statements.

ii. Financial Instrument Disclosures

Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company implemented these disclosures in the first quarter of 2008 (see Note 4 to the Company's Consolidated Interim Financial Statements).

Future Accounting Pronouncements

(a) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009, and the Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

(b) Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of this MD&A, the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

Earnings Coverage Ratio

The following earnings coverage ratio is calculated for the three months ended March 31, 2008 and constitutes an update to the earnings coverage ratio described in the Company's short form base shelf prospectus dated May 5, 2008.

Three months ended March 31, 2008	
Earnings coverage ratio	5.5

(1) The earnings coverage ratio is calculated by dividing: (a) the Company's earnings from continuing operations before interest and taxes for the period stated; by (b) finance costs incurred over period stated.

Market Outlook

The Company continues to benefit from strong commodity prices which support our mining and oil sands customers. As well, ongoing infrastructure additions and expansions in each of the Company's market areas supports demand for both equipment and parts and service to the heavy construction sector.

The outlook for Finning's business in western Canada continues, on balance, to be sound. The mining industry (including the oil sands) continues to expand and capital expenditure plans for equipment remain robust for mining customers. Construction activity also continues at high levels and spending on infrastructure remains very strong. However, the forestry and conventional oil and gas industries in western Canada are undergoing challenging business conditions and equipment purchases are lower as a result. This situation is expected to continue through 2008. Uncertainty over economic conditions persists as a result of the weakness in the US housing market and the credit related concerns facing the banking industry. Ongoing weakness in the US economy may negatively impact growth in the western Canadian economy.

The heavy equipment markets in the Company's South American operations remain healthy and demand for the Company's products and services remains strong. The construction and power markets in Argentina and Chile are strong and demand for equipment support services continues to grow. Copper and gold prices are expected to remain at attractive levels supporting ongoing good business conditions in mining. As expected, the outlook for strong growth in sales of new mining equipment is beginning to moderate as the number of new projects and expansions to existing mining operations slows. However, revenues from support services for mining customers will continue to grow at attractive rates over the next several years reflecting the impact of the large volume of new equipment sales to the industry in the recent past. Inflationary cost pressures continue in Argentina and to a lesser extent in Chile. The Company expects to be able to manage the cost increases arising from inflation by promptly passing along price increases to customers and by ensuring its operations are run as efficiently as possible.

Business at the Caterpillar dealership in the UK has improved and is expected to continue at satisfactory levels as construction activity remains healthy. Demand for power systems products and services also remain strong. While the UK housing market has weakened somewhat, and GDP growth expectations have moderated, market conditions in the UK plant hire (equipment rental) industry are reasonable, although the business remains highly competitive. The improved management information that is available from Hewden's new IT system, particularly as it relates to equipment utilization, will take several quarters of operations to gather and analyze and the operational and pricing changes which may be driven by this information will take a further period of time to implement and become visible in operating results. The recent announcement of the closing of Hewden's Glasgow, Scotland back office will lower overhead costs and generate efficiencies by further centralizing back office functions in Finning's Cannock location.

Additional human resources are required to meet the projected growth in business in western Canada and South America. To date, Finning has been successful in attracting significant numbers of new employees and anticipates it will attract the requisite human resources to meet future growth.

Finning's financial results are negatively impacted by a stronger Canadian dollar compared to the U.S. dollar and the U.K. pound sterling in the translation of its foreign currency earnings. The Company's 2008 results will be negatively impacted as a result of translating foreign currency based earnings should the strengthening of the Canadian dollar continue against the U.S. dollar and the U.K. pound sterling.

The Company's outlook remains positive for the medium term.

May 6, 2008

INTERIM CONSOLIDATED STATEMENTS OF INCOME

For three months ended March 31 ($ thousands, except share and per share amounts)		2008 unaudited		2007 unaudited
Revenue				
New mobile equipment	**$**	**601,940**	$	523,227
New power and energy systems		**124,100**		122,739
Used equipment		**94,196**		99,892
Equipment rental		**176,502**		190,541
Customer support services		**427,836**		433,310
Other		**5,617**		6,287
Total revenue		**1,430,191**		1,375,996
Cost of sales		**1,020,576**		990,341
Gross profit		**409,615**		385,655
Selling, general, and administrative expenses		**314,784**		274,813
Other expenses (income) (Note 2)		**(14,943)**		224
Earnings from continuing operations before interest and income taxes		**109,774**		110,618
Finance costs (Note 3)		**19,791**		16,147
Income from continuing operations before provision for income taxes		**89,983**		94,471
Provision for income taxes		**19,189**		23,755
Net income from continuing operations		**70,794**		70,716
Loss from discontinued operations, net of tax (Note 10)		**—**		(826)
Net income	**$**	**70,794**	$	69,890
Earnings (loss) per share – basic				
From continuing operations (Note 7)	**$**	**0.41**	$	0.39
From discontinued operations		**—**		—
	$	**0.41**	$	0.39
Earnings (loss) per share – diluted				
From continuing operations (Note 7)	**$**	**0.40**	$	0.39
From discontinued operations		**—**		—
	$	**0.40**	$	0.39
Weighted average number of shares outstanding				
Basic		**173,762,827**		179,214,634
Diluted		**175,085,850**		180,763,930

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	March 31, 2008 unaudited	December 31, 2007 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 27,198**	$ 61,860
Accounts receivable	**834,245**	713,677
Service work in progress	**101,464**	83,742
Inventories (Note 8)	**1,312,508**	1,207,802
Other assets	**192,994**	181,861
Total current assets	**2,468,409**	2,248,942
Finance assets	**15,497**	26,714
Rental equipment	**1,078,842**	1,028,301
Land, buildings, and equipment	**442,878**	348,923
Intangible assets	**33,741**	24,548
Goodwill	**261,768**	251,099
Other assets	**226,642**	205,636
	$ 4,527,777	$ 4,134,163
LIABILITIES		
Current liabilities		
Short-term debt	**$ 673,799**	$ 370,942
Accounts payable and accruals	**1,164,508**	1,106,392
Income tax payable	**13,979**	32,440
Current portion of long-term debt	**215,930**	215,663
Total current liabilities	**2,068,216**	1,725,437
Long-term debt	**605,694**	590,382
Long-term obligations	**106,229**	101,699
Future income taxes	**118,414**	98,848
Total liabilities	**2,898,553**	2,516,366
SHAREHOLDERS' EQUITY		
Share capital	**560,726**	571,402
Contributed surplus	**17,322**	15,356
Accumulated other comprehensive loss	**(186,029)**	(232,223)
Retained earnings	**1,237,205**	1,263,262
Total shareholders' equity	**1,629,224**	1,617,797
	$ 4,527,777	$ 4,134,163

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For three months ended March 31 ($ thousands)	**2008**	2007
Net income	**$ 70,794**	$ 69,890
Other comprehensive income (loss), net of income tax		
Currency translation adjustments	**61,132**	(10,161)
Unrealized gains (losses) on net investment hedges, net of tax of $2.3 million (2007: $1.7 million)	**(9,695)**	5,810
Unrealized gains (losses) on cash flow hedges, net of tax of $2.5 million (2007: $nil)	**(5,274)**	78
Realized losses (gains) on cash flow hedges, reclassified to earnings, net of tax of $nil (2007: $0.2 million)	**31**	(272)
Comprehensive income	**$ 116,988**	$ 65,345

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share Capital			Accumulated Other Comprehensive Income (Loss)			
($ thousands, except share amounts)	Shares	Amount	Contributed Surplus	Foreign Currency Translation and Gains / (Losses) on Net Investment Hedges	Gains / (Losses) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2007	179,090,738	573,482	7,791	(77,046)	(4,303)	1,140,415	1,640,339
Comprehensive income	—	—	—	(4,351)	(194)	69,890	65,345
Issued on exercise of stock options	181,504	1,693	(158)	—	—	—	1,535
Stock option expense	—	—	921	—	—	—	921
Dividends on common shares	—	—	—	—	—	(14,341)	(14,341)
Balance, March 31, 2007	179,272,242	$ 575,175	$ 8,554	$ (81,397)	$ (4,497)	$ 1,195,964	$ 1,693,799
Balance, December 31, 2007	**176,131,879**	**$ 571,402**	**$ 15,356**	**$ (223,661)**	**$ (8,562)**	**$ 1,263,262**	**$ 1,617,797**
Transition adjustment (Note 1)	—	—	—	—	—	**6,282**	**6,282**
Balance, January 1, 2008	**176,131,879**	**571,402**	**15,356**	**(223,661)**	**(8,562)**	**1,269,544**	**1,624,079**
Comprehensive income (loss)	—	—	—	**51,437**	**(5,243)**	**70,794**	**116,988**
Issued on exercise of stock options	**57,603**	**442**	**(22)**	—	—	—	**420**
Issued for acquisition (Note 9)	**15,403**	**462**	—	—	—	—	**462**
Repurchase of common shares	**(3,581,500)**	**(11,580)**	—	—	—	**(85,870)**	**(97,450)**
Stock option expense	—	—	**1,988**	—	—	—	**1,988**
Dividends on common shares	—	—	—	—	—	**(17,263)**	**(17,263)**
Balance, March 31, 2008	**172,623,385**	**$ 560,726**	**$ 17,322**	**$ (172,224)**	**$ (13,805)**	**$ 1,237,205**	**$ 1,629,224**

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

For three months ended March 31 ($ thousands)	2008 unaudited	2007 unaudited
OPERATING ACTIVITIES		
Net income	$ **70,794**	$ 69,890
Add items not affecting cash		
Depreciation and amortization	**75,784**	88,776
Future income taxes	**1,896**	(4,678)
Stock-based compensation	**2,903**	8,962
Gain on disposal of capital assets	**(15,677)**	(910)
Other	**374**	(473)
	136,074	161,567
Changes in working capital items (Note 12)	**(148,362)**	(98,439)
Cash provided after changes in working capital items	**(12,288)**	63,128
Rental equipment, net of disposals	**(87,840)**	(156,238)
Equipment leased to customers, net of disposals	**757**	(2,905)
Cash flow used in operating activities	**(99,371)**	(96,015)
INVESTING ACTIVITIES		
Additions to capital assets	**(22,446)**	(18,113)
Proceeds on disposal of capital assets	**38,371**	2,651
Acquisition of businesses	**(136,831)**	(2,670)
Cash used in investing activities	**(120,906)**	(18,132)
FINANCING ACTIVITIES		
Increase in short-term debt	**300,031**	83,353
Increase (repayment) of long-term debt	**(2,404)**	21,225
Issue of common shares on exercise of stock options	**882**	1,535
Repurchase of common shares	**(97,450)**	—
Dividends paid	**(17,263)**	(14,341)
Cash provided by financing activities	**183,796**	91,772
Effect of currency translation on cash balances	**1,819**	(858)
Decrease in cash and cash equivalents	**(34,662)**	(23,233)
Cash and cash equivalents, beginning of period	**61,860**	78,485
Cash and cash equivalents, end of period	$ **27,198**	$ 55,252

See supplemental cash flow information, Note 12

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2007 audited annual consolidated financial statements and the notes below.

The Interim Statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the change in accounting policies disclosed below:

(a) Change in Accounting Policies

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Section 3031, *Inventories*; Section 3862, *Financial Instruments – Disclosures*; and Section 3863, *Financial Instruments – Presentation*. The principal changes related to these standards are described below.

(i) Inventories

The new standard provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value.

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment, and on a weighted average cost basis for parts and supplies. The cost of inventories includes all costs of purchase, conversion costs, and other costs incurred in bringing inventories to their existing location and condition. In the case of service work in progress on equipment (internal service work in progress), cost includes an appropriate share of overheads based on normal operating capacity.

The new standard has been applied prospectively; accordingly comparative periods have not been restated. However, prior period financial statements retroactively reflect the classification of unbilled service work in progress, which was previously presented in inventory. Adjustments to the previous carrying amount of inventories have been recognized as an adjustment of the balance of retained earnings as at January 1, 2008. The adoption of the new standard resulted in the following adjustments as of January 1, 2008 in accordance with the transition provisions:

1. Allocation of Fixed and Variable Overhead

In accordance with the new standard, fixed and variable overheads have been applied to internal service work in progress. Upon adoption, the carrying value of internal service work in progress has been increased by $8.7 million, with an increase in future income tax liability of $2.4 million and an increase in retained earnings of $6.3 million.

2. Presentation of Service Work in Progress

Service work in progress relates to unbilled work in progress for external customers and represents the costs incurred plus recognized profits, net of any recognized losses and progress billings. Revenue is recognized on service work in progress on a basis proportionate to the service work that has been performed based on the parts and labour service provided. Service work in progress was previously included in inventory. It is now presented as a current asset and the 2007 figure has been restated for comparative purposes.

The effect on net income for the three months ended March 31, 2008 as a result of adopting the new standard is not material.

(ii) Financial Instrument Disclosures

Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company implemented these disclosures in the first quarter of 2008 (see Note 4).

(b) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2008 presentation. The 2007 quarterly consolidated income statement has been restated for discontinued operations (see Note 10).

2. Other Expenses (Income)

Other expenses (income) include the following items:

For three months ended March 31 ($ thousands)		2008		2007
Gain on sale of properties in Hewden (a)	**$**	**(14,737)**	$	—
Restructuring and project costs		**734**		1,134
Gain on sale of other surplus properties		**(940)**		(910)
	$	**(14,943)**	$	224

The tax expense on other income for the three months ended March 31, 2008 was $2.0 million (2007: tax recovery on other expenses of $0.1 million).

(a) In January and February 2008, the Company's UK subsidiary, Hewden, sold certain properties for cash proceeds of approximately $28 million, resulting in a pre-tax gain of $14.7 million.

3. Short-Term and Long-Term Debt

Finance costs as shown on the consolidated statement of income comprise the following elements:

For three months ended March 31 ($ thousands)		2008		2007
Interest on debt securities:				
Short-term debt	**$**	**5,864**	$	6,102
Long-term debt		**11,588**		10,833
		17,452		16,935
Interest on swap contracts		**529**		(205)
Other finance related expenses, net of sundry interest earned		**1,810**		951
		19,791		17,681
Less: interest expense related to discontinued operations		**—**		(1,534)
Finance costs from continuing operations	**$**	**19,791**	$	16,147

4. Financial Risk Management

Overview

Finning and its subsidiaries are exposed to market, credit, liquidity, and other risks from its use of financial instruments. The Enterprise Risk Management process within the Company's risk management function is designed to ensure that such risks are identified, managed and reported. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are reviewed by the Audit Committee.

This note presents information about the Company's exposure to these risks and the Company's objectives, policies, and processes for managing risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, instalment notes receivables, and derivative counterparties.

Trade and other receivables

The Company has a large diversified customer base, and is not dependent on any single customer or group of customers. Credit risk is minimized because of the diversification of the Company's operations as well as its large customer base and its geographical dispersion.

The Company establishes an allowance for impairment that represents its estimate of potential losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Counterparty credit risk

The Company does have a certain degree of credit exposure arising from its derivative contracts and investments. There is a risk that counterparties to these derivative contracts may default on their obligations. However, the Company minimizes this risk by ensuring there is no excessive concentration of credit risk with any single counterparty, by active credit management and monitoring, and by dealing only with financial institutions that have a credit rating of at least BBB+ from Standard & Poor's and A (low) from DBRS. Given these high ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

($ thousands)	March 31, 2008
Cash and cash equivalents	$ 27,198
Accounts receivable	834,245
Supplier claims receivable	48,342
Instalment notes receivable	39,906
Other accrued customer receivables	16,602
Cross currency interest rate swaps used as a hedge of net investment	40,701
Forward foreign currency contracts	3,615
	$ 1,010,609

The maximum exposure to credit risk for trade receivables at the reporting date by geographic location of customer was:

($ thousands)	March 31, 2008
Canada	$ 427,812
U.K.	239,035
South America	153,304
U.S.	8,013
Other	5,849
	$ 834,013

Impairment losses

The aging of trade receivables at the reporting date was:

	March 31, 2008	
($ thousands)	Gross	Allowance
Not past due	$ 563,013	$ —
Past due 0 – 30 days	109,323	379
Past due 31 – 90 days	109,951	2,442
Past due 91 – 120 days	21,012	2,012
Past due greater than 120 days	61,950	26,403
Total	$ 865,249	$ 31,236

The movement in the allowance for doubtful accounts in respect of trade receivables during the period was as follows:

Three months ended March 31 ($ thousands)	2008	2007
Balance, beginning of period	$ 28,229	$ 28,248
Additional allowance	3,287	2,482
Receivables written off	(1,602)	(2,359)
Foreign exchange translation adjustment	1,322	(399)
Balance, end of period	$ 31,236	$ 27,972

Based on experience, the Company believes that no impairment allowance is necessary in respect of trade accounts receivable not past due.

The allowance amounts in respect of trade receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered not recoverable and is written off against the financial asset directly.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The following are the contractual maturities of financial liabilities and derivatives. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not equate to the carrying amount on the consolidated balance sheet.

($ thousands)	Carrying amount March 31, 2008	Contractual cash flows 2008	2009-2010	2011-2012	Thereafter
Non-derivative financial liabilities					
Short-term debt	$ 673,799	$ (673,799)	$ —	$ —	$ —
Unsecured Medium Term Notes	350,023	(214,706)	(13,920)	(156,258)	—
Eurobond	252,981	(13,781)	(27,562)	(27,562)	(248,471)
Unsecured global bank facility	195,465	(8,414)	(16,828)	(196,260)	—
Other term loans	23,155	(16,349)	(9,206)	(2,120)	—
Capital lease liabilities	12,409	(2,311)	(3,162)	(2,272)	(15,798)
Accounts payable and accruals	1,164,508	(1,164,508)	—	—	—
Derivatives					
Cross currency interest rate swaps					
Pay £ (fixed)	—	(13,622)	(27,244)	(27,244)	(415,078)
Receive CAD (fixed)	40,701	14,740	29,480	29,480	445,923
Forward foreign currency contracts:					
Sell CAD	—	(160,054)	—	—	—
Buy USD	3,615	160,054	—	—	—
Sell CHP	(2,742)	(52,423)	—	—	—
Buy USD	—	52,423	—	—	—
Interest rate bond forward					
Sell	(13,576)	(209,098)	—	—	—
Buy	—	195,522	—	—	—
Share forward					
Sell	(108)	—	—	(70,213)	—
Buy	—	—	—	90,841	—

The future contractual cash flows are not significantly different as at December 31, 2007 and March 31, 2008 and are therefore presented for the calendar years ended December 31.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Global Hedging Policy approved by the Audit Committee.

Currency risk

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar, the Canadian dollar, the U.K. pound sterling, and the Chilean peso. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company can be categorized as follows:

Investment in Foreign Operations

All of the Company's foreign operations are considered self-sustaining. Accordingly, assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Any unrealized translation gains and losses are recorded as an item of comprehensive income and accumulated other comprehensive income. Cumulative currency translation adjustments are recognized in net income when there is a reduction in the Company's net investment in the self-sustaining foreign operations.

It is the Company's objective to manage its exposure to currency fluctuations arising from its foreign investments. The Company has hedged a portion of its foreign investments through foreign currency denominated loans and other derivative contracts. Any exchange gains or losses arising from the translation of the hedging instruments are recorded as an item of comprehensive income and accumulated other comprehensive income.

Transaction Exposure

Many of the Company's operations purchase, sell, rent, and lease products as well as incur costs throughout the world in different currencies. This mismatch of currencies creates transactional exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. It may also impact the Company's competitive position as relative currency movements affect the business practices and/or pricing strategies of the Company's competitors.

It is the Company's objective to manage the impact of exchange rate movements and volatility in results. Each operation manages the majority of its transactional exposure through sales pricing policies and practices. The Company also enters into forward exchange contracts to manage residual mismatches in foreign currency cash flows. As a result, the foreign exchange impact on earnings with respect to transactional activity is not significant.

Translation Exposure

The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars each reporting period. All of the Company's foreign subsidiaries report their operating results in currencies other than the Canadian dollar. Therefore, exchange rate movements in the U.S. dollar and U.K. pound sterling relative to the Canadian dollar will impact the consolidated results of the South American and U.K. operations in Canadian dollar terms. In addition, the Company's Canadian results are impacted by the translation of its U.S. dollar based earnings. Some of the Company's earnings translation exposure is offset by interest on foreign currency denominated loans.

Exposure to currency risk

The Group is exposed to foreign currency risk. The currencies of the Group's financial instruments, based on notional amounts, were as follows:

March 31, 2008 (thousands)	**CAD**	**USD**	**GBP**	**CHP**
Cash and cash equivalents	**18,489**	**3,032**	**527**	**799,846**
Accounts receivable	**402,447**	**166,057**	**116,201**	**7,410,193**
Short-term and long-term debt	**(969,155)**	**(156,133)**	**(177,261)**	**(1,678,548)**
Accounts payable and accruals	**(598,639)**	**(241,018)**	**(137,587)**	**(5,593,865)**
Gross balance sheet exposure	**(1,146,858)**	**(228,062)**	**(198,120)**	**937,626**
Cross currency interest rate swaps	**328,000**	**—**	**(150,000)**	**—**
Foreign forward exchange contracts	**(160,054)**	**206,710**	**—**	**(22,194,285)**

Sensitivity analysis

A 5 percent strengthening of the Canadian dollar against the following currencies at March 31 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, and hedging activities are unchanged. The analysis is performed on the same basis for a 5% strengthening of the Canadian dollar from the March 31, 2008 rates.

March 31, 2008 ($ thousands)	**Equity**	**Profit or Loss**
USD	**(23,125)**	**(18,217)**
GBP	**(21,426)**	**(1,854)**
CHP	**—**	**2,654**

A 5 percent weakening of the Canadian dollar against the above currencies at March 31 would have had an equal but opposite effect on the above currencies in the amounts shown above, on the basis that all other variables are unchanged.

Interest rate risk

The Company's interest bearing financial assets comprise instalment note receivables, which bear interest at a fixed rate. The Company's debt portfolio comprises both fixed and floating rate debt instruments, with terms to maturity ranging up to six years. In relation to its debt financing, the Company is exposed to potential changes in interest rates, which may cause the Company's borrowing costs to fluctuate. Floating rate debt exposes the Company to fluctuations in short-term interest rates, while fixed rate debt exposes the Company to future interest rate movements upon refinancing the debt at maturity. Fluctuations in current or future interest rates could result in a material adverse impact on the Company's financial results, by causing related finance expense to rise. Further, the fair value of the Company's fixed rate debt obligations may be negatively affected by declines in interest rates, thereby exposing the Company to potential losses on early settlements or refinancing.

The Company minimizes its interest rate risk by balancing its portfolio of fixed and floating rate debt, as well as managing the term to maturity of its debt portfolio. At certain times the Company utilizes derivative instruments such as interest rate swaps to adjust the balance of fixed and floating rate debt to appropriately determined levels.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

March 31, 2008 ($ thousands)		
Fixed rate instruments		
Financial assets	**$**	**39,906**
Financial liabilities		**(615,413)**
	$	**(575,507)**
Variable rate instruments		
Financial liabilities	**$**	**(892,420)**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by $11.5 million.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in short-term interest rates at the reporting date would have increased or decreased profit or loss by $8.9 million. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Other risk

The Company's revenues can be indirectly affected by fluctuations in commodity prices; in particular, changes in views on long-term commodity prices. In Canada, commodity price movements in the forestry, metals, coal, and petroleum sectors can have an impact on customers' demands for equipment and customer service. In Chile and Argentina, significant fluctuations in the price of copper and gold can have similar effects, as customers base their capital expenditure decisions on the long-term outlook for metals. In the U.K., changes to prices for thermal coal may impact equipment demand in that sector. While commodity prices continue to be strong, significant fluctuations in future prices could result in a material adverse impact on the Company's financial results.

5. SHARE CAPITAL

The Company repurchased 3,581,500 common shares during the first quarter of 2008 as part of a normal course issuer bid. These shares were repurchased at an average price of $27.21, which has been allocated to reduce share capital by $11.6 million and retained earnings by $85.9 million.

6. STOCK-BASED COMPENSATION PLANS

The Company has a number of stock-based compensation plans in the form of stock options and other stock-based compensations plans noted below.

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share units and stock appreciation rights plans that use notional common share units. There have been no significant changes to the plans subsequent to December 31, 2007.

Details of the deferred share unit plans, which reflect the vestings in the period as well as mark-to-market adjustments, are as follows:

For three months ended March 31	**2008**				2007			
Units	**DSU-A**	**DSU-B**	**DDSU**	**Total**	DSU-A	DSU-B	DDSU	Total
Outstanding, beginning of year	**57,179**	**1,139,700**	**294,033**	**1,490,912**	104,964	1,353,496	358,280	1,816,740
Additions	**210**	**4,191**	**2,781**	**7,182**	228	3,936	3,538	7,702
Exercised/cancelled	**—**	**—**	**(25,204)**	**(25,204)**	(32,318)	(104,704)	—	(137,022)
Outstanding, end of period	**57,389**	**1,143,891**	**271,610**	**1,472,890**	72,874	1,252,728	361,818	1,687,420
Vested, beginning of year	**57,179**	**1,139,700**	**294,033**	**1,490,912**	104,964	1,353,496	358,280	1,816,740
Vested	**210**	**4,191**	**2,781**	**7,182**	228	3,936	3,538	7,702
Exercised/cancelled	**—**	**—**	**(25,204)**	**(25,204)**	(32,318)	(104,704)	—	(137,022)
Vested, end of period	**57,389**	**1,143,891**	**271,610**	**1,472,890**	72,874	1,252,728	361,818	1,687,420
Liability ($ thousands)								
Balance, beginning of year	**$ 1,639**	**$ 32,664**	**$ 8,427**	**$ 42,730**	$ 2,508	$ 32,342	$ 8,561	$ 43,411
Expensed	**30**	**588**	**166**	**784**	206	3,523	1,074	4,803
Exercised/cancelled	**—**	**—**	**(697)**	**(697)**	(773)	(2,505)	—	(3,278)
Balance, end of period	**$ 1,669**	**$ 33,252**	**$ 7,896**	**$ 42,817**	$ 1,941	$ 33,360	$ 9,635	$ 44,936

Summary – Impact of Stock Based Compensation Plans

Changes in the value of all deferred share units and share appreciation rights is a result of fluctuations in the Company's common share price and the impact of new issues, including stock options, partially offset by the impact of the Variable Rate Share Forward. The total impact was an expense of $2.9 million in the first quarter of 2008 (2007: $9.0 million).

7. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options by applying the treasury stock method.

Earnings used in determining earnings per share from continuing operations are presented below. Earnings used in determining earnings per share from discontinued operations are the earnings from discontinued operations as reported within the consolidated statements of income and retained earnings.

For three months ended March 31 ($ thousands, except share and per share amounts) 2008		**Income**	**Shares**		**Per Share**
Basic EPS from continuing operations:					
Net income from continuing operations	**$**	**70,794**	**173,762,827**	**$**	**0.41**
Effect of dilutive securities: stock options		**—**	**1,323,023**		**—**
Diluted EPS from continuing operations:					
Net income from continuing operations and assumed conversions	**$**	**70,794**	**175,085,850**	**$**	**0.40**
2007					
Basic EPS from continuing operations:					
Net income from continuing operations	$	70,716	179,214,634	$	0.39
Effect of dilutive securities: stock options		—	1,549,296		—
Diluted EPS from continuing operations:					
Net income from continuing operations and assumed conversions	$	70,716	180,763,930	$	0.39

8. Inventories

($ thousands)		**March 31, 2008**		December 31, 2007
On-hand equipment	**$**	**886,632**	$	844,699
Parts and supplies		**352,839**		326,581
Internal service work in progress		**73,037**		36,522
Inventories	**$**	**1,312,508**	$	1,207,802

For the three months ended March 31, 2008, on-hand equipment, parts, supplies, and changes in internal service work in progress recognized as an expense amounted to $900.4 million (2007: $870.2 million). For the three months ended March 31, 2008, the write-down of inventories to net realizable value amounted to $4.8 million (2007: $4.6 million) and was included in cost of sales.

9. ACQUISITION

On January 15, 2008, the Company's Canadian operation, Finning (Canada), acquired all of the issued and outstanding common shares of Collicutt Energy Services Ltd., a Canadian oilfield service company. The results of Collicutt's operations have been included in the consolidated financial statements since that date.

The aggregate purchase price was $133.5 million, comprising $84.5 million of cash, common shares valued at $0.4 million, $42.2 million of debt repayment, and $6.4 million of acquisition costs.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The preliminary allocation of the purchase price is based on management's best estimates at March 31, 2008 and is expected to be finalized by June 30, 2008.

($ thousands)	**January 15, 2008**
Cash	$ 1,236
Current assets	20,126
Inventories	38,553
Property, plant, and equipment	98,095
Intangible assets	6,870
Goodwill	3,165
Total assets acquired	168,045
Current liabilities	18,758
Future income taxes – long-term	15,764
Total liabilities assumed	34,522
Net assets acquired	$ 133,523

The intangible assets acquired primarily represent customer relationships and non-competition agreements. The goodwill was assigned to the Canada operating segment and is not expected to be deductible for tax purposes.

10. Disposition of Discontinued Operation

On July 31, 2007, the Company sold the business and assets of the Tool Hire Division of the Company's U.K. subsidiary, Hewden Stuart Plc, excluding real estate, for cash proceeds of $242.9 million (approximately £112 million), net of costs.

The gross sale price, net of taxes and transaction costs, was approximately equal to the net book value of the net tangible assets and goodwill associated with the tools rental business, and resulted in an after-tax gain on disposal of $0.1 million.

The results of operations of the Tool Hire Division have been included in the consolidated statements of cash flow up to the date of disposition and as discontinued operations in the consolidated statements of income up to the date of disposition. The results of the Tool Hire Division had previously been reported in the Finning UK Group segment.

Loss from the Tool Hire Division is summarized as follows:

For three months ended March 31, 2007 ($ thousands)		
Revenue	$	50,435
Loss before provision for income taxes		(269)
Provision for income taxes		(557)
Loss from discontinued operations	$	(826)

The significant net cash flows from the Tool Hire Division are as follows:

For three months ended March 31, 2007 ($ thousands)		
Cash flows provided by operating activities	$	631
Cash flows provided by investing activities	$	313

11. Currency Rates

The Company's subsidiaries operate in three functional currencies: Canadian dollars, U.S. dollars, and the U.K. pound sterling.

The exchange rates of the Canadian dollar against the following foreign currencies were as follows:

Exchange rate	**March 31, 2008**	December 31, 2007	March 31, 2007
U.S. dollar	**1.0279**	0.9881	1.1529
U.K. pound sterling	**2.0407**	1.9600	2.2697

For three months ended March 31 **Average exchange rates**	**2008**	2007
U.S. dollar	**1.0042**	1.1717
U.K. pound sterling	**1.9861**	2.2906

12. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital

For three months ended March 31 ($ thousands)		2008		2007
Accounts receivable and other	**$**	**(90,761)**	$	(32,052)
Inventories – on-hand equipment		**(25,179)**		(63,669)
Inventories – parts and supplies		**(25,384)**		(44,567)
Accounts payable and accruals		**11,183**		47,786
Income taxes		**(18,221)**		(5,937)
Changes in working capital items		**(148,362)**		(98,439)

Components of cash and cash equivalents

March 31 ($ thousands)		2008		2007
Cash	**$**	**25,858**	$	40,483
Short-term investments		**1,340**		14,769
Cash and cash equivalents	**$**	**27,198**	$	55,252

Interest and tax payments

For three months ended March 31 ($ thousands)		2008		2007
Interest paid	**$**	**(9,576)**	$	(7,148)
Income taxes paid	**$**	**(28,919)**	$	(24,201)

13. EMPLOYEE FUTURE BENEFITS

The expense for the Company's benefit plans, primarily for pension benefits, is as follows:

For three months ended March 31 ($ thousands)	2008				2007			
	Canada	**UK**	**Hewden**	**Total**	Canada	UK	Hewden	Total
Defined contribution plans	**$ 4,865**	**$ 240**	**$ 44**	**$ 5,149**	$ 3,852	$ 197	$ 64	$ 4,113
Defined benefit plans	**1,836**	**(153)**	**447**	**2,130**	2,374	1,796	1,292	5,462
Total benefit plan expense	**$ 6,701**	**$ 87**	**$ 491**	**$ 7,279**	$ 6,226	$ 1,993	$ 1,356	$ 9,575

14. Segmented Information

The Company and its subsidiaries have operated primarily in one industry during the year, that being the selling, servicing, and renting of heavy equipment and related products.

The reportable operating segments are:

For three months ended March 31, 2008 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	**$ 792,861**	**$ 306,870**	**$ 330,458**	**$ 2**	**$ 1,430,191**
Operating costs	**(705,524)**	**(262,704)**	**(284,611)**	**(6,722)**	**(1,259,561)**
Depreciation and amortization	**(36,354)**	**(7,628)**	**(31,817)**	**—**	**(75,799)**
Other income (expenses)	**32**	**(66)**	**15,054**	**(77)**	**14,943**
Earnings from continuing operations before interest and taxes	**$ 51,015**	**$ 36,472**	**$ 29,084**	**$ (6,797)**	**$ 109,774**
Finance costs					**(19,791)**
Provision for income taxes					**(19,189)**
Net income from continuing operations					**70,794**
Loss from discontinued operations, net of tax					**—**
Net income					**$ 70,794**
Identifiable assets	**$ 2,132,401**	**$ 826,699**	**$ 1,489,709**	**$ 78,968**	**$ 4,527,777**
Capital assets	**$ 265,374**	**$ 66,061**	**$ 144,419**	**$ 765**	**$ 476,619**
Gross capital expenditures [1]	**$ 107,735**	**$ 7,214**	**$ 2,520**	**$ —**	**$ 117,469**
Gross rental asset expenditures	**$ 87,607**	**$ 7,014**	**$ 66,263**	**$ —**	**$ 160,884**

For three months ended March 31, 2007 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	$ 699,647	$ 338,602	$ 337,746	$ 1	$ 1,375,996
Operating costs	(595,436)	(293,558)	(289,199)	(8,645)	(1,186,838)
Depreciation and amortization	(39,289)	(6,410)	(32,617)	—	(78,316)
Other income (expenses)	(285)	—	61	—	(224)
Earnings from continuing operations before interest and taxes	$ 64,637	$ 38,634	$ 15,991	$ (8,644)	$ 110,618
Finance costs					(16,147)
Provision for income taxes					(23,755)
Net income from continuing operations					70,716
Loss from discontinued operations, net of tax					(826)
Net income					$ 69,890
Identifiable assets	$ 1,812,465	$ 829,241	$ 1,710,672	$ 33,811	$ 4,386,189
Capital assets	$ 157,216	$ 56,022	$ 179,216	$ 369	$ 392,823
Gross capital expenditures [1]	$ 5,923	$ 3,126	$ 10,085	$ —	$ 19,134
Gross rental asset expenditures	$ 88,923	$ 14,160	$ 68,894	$ —	$ 171,977

(1) includes capital leases